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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Number Portability Query Services

CC Docket No. 98-14

CCB/CPD 97-52

DIRECT CASE OF BELL ATLANTIC

Bell Atlantic¹ submits this direct case in response to the Commission's January 30 Order Designating Issues for Investigation.

A. Development of Charges: Query Cost and Demand

The method Bell Atlantic used to develop its rates, as described in the Description and Justification that was part of the tariff transmittal and as summarized in the Order, is lawful and reasonable.

Bell Atlantic developed its number portability database query rates based on total, unseparated costs. This is appropriate because section 251(e)(2) of the Act gives the Commission sole and exclusive jurisdiction over long-term number portability cost recovery, and Bell Atlantic anticipates filing no state tariffs for this service.

Bell Atlantic developed the rates for this service in the following manner. First, we identified the direct investments necessary to provide number portability, as shown on the

¹ The Bell Atlantic telephone companies are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc..

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attached.² Total query costs were developed by applying appropriate cost factors from Bell Atlantic's standard cost models. We divided the total query cost by the forecast number of database queries to derive a per query figure. We then adjusted this number to account for differences in the three different Service Provider Number Portability Database Services. For example, where the customer launches its own query to our database, Bell Atlantic would incur no switching costs, and those costs were removed. On the other hand, more transport is required for an end office query than for a tandem query, and that additional cost was added in. This produced the three different per query investment figures shown on Workpapers 7-1 through 7-3. Recurring costs were added to these numbers to get total incremental costs, and overhead loadings were applied to these numbers, as shown on Workpaper 7-5, to determine the rate.

Bell Atlantic included only Type I costs (its portion of shared industry costs) and Type II costs (its individual number portability costs) in its calculations. Type III costs were not included.

The Order asks whether costs such as those incurred to modify SS7, OSS and billing systems are costs directly related to providing number portability and are properly included in query charges.³ The answer is that Bell Atlantic has incurred costs to modify these systems solely because of the requirement of providing number portability, and these costs, therefore, are appropriately Type II costs.

² These are the investment figures Bell Atlantic developed for this tariff filing last October, before number portability had become operational anywhere. As Bell Atlantic continues to deploy number portability and continues to make expenditures, these figures will likely change.

³ Order ¶ 9.

For example, Bell Atlantic must augment its SS7 network in order to handle the billions of new signaling messages that number portability will produce. This includes capital expenditures for additional STPs and facilities to connect the SS7 nodes.

As the Commission knows, number portability fundamentally changes the organization of the telephone network and the way the network handles calls. These changes require corresponding changes in the systems — the OSSs — that support the network. Number portability required completely new systems. For example, Bell Atlantic had to develop and deploy new operating support systems to manage the process of porting numbers between service providers, such as a new service order administration system to update the Number Portability Administration Center.

Number portability also required changes in existing systems. Network surveillance and monitoring systems had to be modified because of the effects number portability will have on switch and signaling traffic. Telephone number administration support systems were also modified to reflect changes in number assignments and inventory as customers port into or out of Bell Atlantic.

Provisioning and maintenance systems required changes because NPA-NXX can no longer be relied on to identify an end user's serving switch or service provider. Enhancements allow these support systems to recognize and use location routing number information in the provisioning and maintenance process. For example, when an end user initiates a trouble report, the technician can no longer assume the trouble report is Bell Atlantic's based on the subscriber's telephone number but must access information in an operation support system to determine whether the end user has changed her service provider and the name of the service provider.

Provisioning systems have been modified to route service requests based on LRN, as the NPA-NXX can no longer be used. Service order processing systems have been modified to ensure porting information flows from Bell Atlantic to the service order administration system that communicates this information to the regional number administration center. Once a provisioning request has been completed, the provisioning system will update the maintenance systems with the appropriate service provider information.

Billing system changes are also required to maintain billing integrity and accuracy now that NPA-NXX cannot be relied on to determine the carrier or serving switch associated with a call.

The Order asks questions about Bell Atlantic's demand forecast.⁴ Bell Atlantic's methodology is described in the Description and Justification.⁵ Bell Atlantic did not distinguish between queries at the termination of interstate calls and those at the end of intrastate calls. In calculating the per query cost, Bell Atlantic did include its own queries (99.3617% of the total) in the divisor.

The Order also asks whether Bell Atlantic may include a fully distributed cost annual charge factor in query charges, and if so, whether the proposed factors are calculated appropriately.⁶ Number portability is a new service under price caps, and as such Bell Atlantic is permitted to recover its incremental costs and a reasonable overhead.

⁴ Order ¶ 10.

⁵ D&J at 5-6 & Workpaper 7-6. Bell Atlantic conducted studies of its own call (and query) volumes and estimated the number of queries from other carriers in the manner described in the Order.

⁶ Order ¶ 9.

Bell Atlantic used an accepted methodology for calculating these overheads. They were developed using the relationship of total Bell Atlantic local transport revenue requirement to local transport investment. This relationship was calculated from the most current ARMIS 43-01 Report taking the Direct Costs (\$205,381.21) and the Total Costs (\$329,781.15) for Local Switching. The overhead loading calculation is Total Costs over Direct Costs.

B. Nonrecurring Activation and Billing Charges

The Order asks Bell Atlantic to explain how it calculated its “Activation and/or Rearrangement Charge” nonrecurring rate of \$102.35.⁷ This charge is applicable only to the database query service — where the other carrier launches the query to Bell Atlantic’s number portability database — not where Bell Atlantic does the query. This is a one-time charge to cover the cost of Bell Atlantic personnel loading information and performing translations work in Bell Atlantic STPs.⁸

Bell Atlantic performed a Time and Cost Study to determine the work activity costs involved. These work activities include planning and implementing the necessary STP translations to establish routing and gateway screening associated with the customer’s signaling point code. The work activities involve three types of Bell Atlantic employees, as noted in Workpaper 7-4. Shown on the Workpaper is the amount of time (in quarter hours) estimated to perform each activity and the associated labor rate. The total cost of \$63.74 was multiplied by the overhead loading factor to develop the rate of \$102.35.

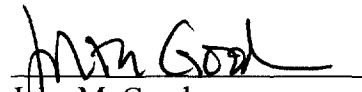
⁷ Order ¶ 14.

⁸ Tariff § 13.3.16, Original Page 890.22.

Conclusion

Bell Atlantic's rates for this service are reasonable, and the Commission should conclude its investigation of them.

Respectfully submitted,


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Dated: February 13, 1998

BELL ATLANTIC
SERVICE PROVIDER NUMBER PORTABILITY DATABASE SERVICE
Capital Investment and Operating Expense Analysis
(In Millions)

<u>TYPE I COSTS</u>	<u>COST DESCRIPTION</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTALS</u>
NPAC LSMS	OPER. EXPENSE	\$0.2	\$5.0	\$7.0	\$7.0	\$7.0	\$26.2
TYPE I - SUBTOTALS		\$0.2	\$5.0	\$7.0	\$7.0	\$7.0	\$26.2
<u>TYPE II COSTS</u>							
STP COSTS	CAPITAL INVESTMENT	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0
STP - LINK COSTS	CAPITAL INVESTMENT	\$2.4	\$6.1	\$0.0	\$0.0	\$0.4	\$8.9
SSP HARDWARE	CAPITAL INVESTMENT	\$26.7	\$31.6	\$0.0	\$0.0	\$0.0	\$58.3
SSP - LINK COSTS	CAPITAL INVESTMENT	\$4.8	\$3.7	\$0.4	\$0.6	\$0.5	\$9.9
LSMS HARDWARE	CAPITAL INVESTMENT	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0
ASMS HARDWARE	CAPITAL INVESTMENT	\$1.4	\$0.1	\$0.0	\$0.0	\$0.0	\$1.5
OPR. SVCS HARDWARE	CAPITAL INVESTMENT	\$0.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.4
OSS HARDWARE	CAPITAL INVESTMENT	\$2.3	\$1.7	\$0.2	\$0.3	\$0.3	\$4.8
CAPITAL INVESTMENT TOTALS		\$44.9	\$43.3	\$0.6	\$0.9	\$1.1	\$90.7
STP - MAINT. & ADMIN.	OPER. EXPENSE	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$1.8
LOCAL SMS SOFTWARE	OPER. EXPENSE	\$2.7	\$0.0	\$0.0	\$0.0	\$0.0	\$2.7
OPR. SVCS. SW. RTU	OPER. EXPENSE	\$3.0	\$1.7	\$0.0	\$0.0	\$0.0	\$4.7
OSS SOFTWARE RTU	OPER. EXPENSE	\$23.2	\$16.8	\$1.7	\$3.3	\$2.5	\$47.5
LRN SOFTWARE RTU	OPER. EXPENSE	\$22.3	\$16.1	\$1.6	\$3.2	\$2.4	\$45.6
LNP DEDICATED STAFF	OPER. EXPENSE	\$2.5	\$2.2	\$2.2	\$2.2	\$2.2	\$11.3
LNP TESTING EXPENSE	OPER. EXPENSE	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5
FACILITY EXPENSE	OPER. EXPENSE	\$0.4	\$0.3	\$0.0	\$0.1	\$0.0	\$0.9
ENG & TRANSLATIONS	OPER. EXPENSE	\$1.7	\$1.2	\$0.1	\$0.2	\$0.2	\$3.5
OPERATING EXPENSE TOTALS		\$57.7	\$38.7	\$6.0	\$7.3	\$7.7	\$119.3
TYPE II - SUBTOTALS		\$102.5	\$82.0	\$6.6	\$10.2	\$8.8	\$210.1
TYPE I & II - TOTALS		\$102.7	\$87.0	\$13.6	\$17.2	\$15.8	\$236.2